

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6837

BILL NUMBER: HB 1179

NOTE PREPARED: Jan 27, 2010

BILL AMENDED: Jan 26, 2010

SUBJECT: Mechanic's Liens.

FIRST AUTHOR: Rep. Bartlett

FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: ☒ **GENERAL**
DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) *Mechanic's Liens*- The bill provides that an employee representative or a third-party beneficiary pursuant to a collective bargaining agreement of a person: (1) who performed certain labor; and (2) to whom amounts are due or for whose benefit amounts are computed and due on the basis of the personal labor of the person; has the same rights and remedies pursuant to mechanic's liens as the person who performed the labor.

Interim Study Committee- The bill establishes the Interim Study Committee on Mechanic's Liens.

Effective Date: July 1, 2010.

Explanation of State Expenditures: (Revised) *Interim Study Committee*- The proposed interim committee would operate under the policies governing study committees adopted by the Legislative Council. Legislative Council resolutions in the past have established budgets for interim study committees in the amount of \$16,500 per interim for committees with 16 members or more and \$9,500 per interim for committees with fewer than 16 members.

Explanation of State Revenues: (Revised) *Mechanic's Liens*- If third-party beneficiaries were allowed to file a complaint with a trial court on behalf of a laborer, revenue from court fees to the state General Fund would increase.

Court Fee Revenue: A civil costs fee of \$100 would be assessed when a civil case is filed, 70% of which would be deposited in the state General Fund if the case is filed in a court of record or 55% if the case is filed in a city or town court. In addition, some or all of the document storage fee (\$2), automated record keeping

fee (\$7), judicial salaries fee (\$18), public defense administration fee (\$3), court administration fee (\$5), and the judicial insurance adjustment fee (\$1) are deposited into the state General Fund. Additional fees may be collected at the discretion of the judge and depending upon the particular type of case.

Explanation of Local Expenditures:

Explanation of Local Revenues: *Mechanic's Liens*- If this provision were to lead to an increase in liens and more civil complaints filed, local revenues would increase. First, current law would require an "association" on behalf of the person to file the lien with the county recorder. Assuming the lien document was one page, the recorder would collect \$6 for the page and \$1 for attesting the assignment of the lien. Additional pages would be charged a fee of \$2 each to record.

In addition, the recorder collects \$2 from the lien claimant for each notice and statement of the lien mailed by the recorder to the property owner.

Court Fee Revenue: If additional civil actions occur, local governments would receive revenue from the following sources. The county general fund would receive 27% of the \$100 civil costs fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund. Additional fees may be collected at the discretion of the judge and depending upon the particular type of case.

State Agencies Affected: Legislative Services Agency.

Local Agencies Affected: Trial courts, city and town courts, county recorder.

Information Sources:

Fiscal Analyst: Chris Baker, 317-232-9851.